

Enabling Social Innovation in Japan

Country Snapshot

Social innovation: "the processes and outcomes of developing novel approaches to address societal challenges facing people and planet." ¹

This snapshot represents a descriptive, non-exhaustive overview of key highlights from Greenland's social innovation ecosystem.

✓ Direct focus on social innovation Ⓛ Connected but indirect focus on social innovation ✗ No focus on social innovation

INSTITUTIONAL FRAMEWORK

Official Definition of Social Innovation Ⓛ

Japan has no formal legal definition of social innovation. Public authorities generally use the term informally to describe innovative responses to social challenges, often without consistent criteria or terminology ².

Government Body for Social Innovation ✓

Rather than a dedicated agency, responsibility is spread across ministries.

- The Ministry of Economy, Trade and Industry promotes "social business" through policy guidance and pilot initiatives.
- The Cabinet Office has supported cross-sector collaboration through initiatives such as the "New Public Commons" and outcome-based policy tools ³.

Government Strategy for Social Innovation ✓

- Japan does not have a standalone social innovation strategy.
- Social innovation objectives are embedded in broader national agendas, notably **Society 5.0** (introduced 2016), which promotes technology-enabled solutions to societal challenges such as ageing, regional decline and sustainability ⁴.
- Social innovation is also referenced indirectly within Japan's SDG implementation framework ⁵.

Policies, Laws & Regulations ✓ Ⓛ

There is no social-innovation-specific law, but several frameworks act as indirect enablers:

- **NPO Law (1998)**: Establishes legal status for non-profit organisations and enables tax-deductible donations through "Certified NPO" status ⁶.
- **Social Business Policy Framework (2011)**: METI-defined criteria for social businesses (social mission, sustainability, innovation) ⁷.
- **Dormant Deposits Act (2016)**: Redirects inactive bank deposits to fund social-purpose projects via intermediaries, operational since 2019 ⁸.
- **Outcome-based financing**: National guidelines support Social Impact Bond and Pay-for-Success pilots at local level ⁹.

Official Statistics

Japan does not collect official statistics on social innovation.

- Data are available for the broader non-profit and social economy sector (e.g. number of registered NPOs), but no dedicated SI indicators or index exist ⁶.

Government Programs

There is no unified national social innovation programme.

- Past initiatives include METI's Social Business Promotion Programme and Cabinet Office support for pilot Social Impact Bonds.
- Current support is fragmented across ministries and local governments, mainly through pilots, grants and financing instruments ^{3 9}.

ECOSYSTEM

Stakeholders

Japan's ecosystem is driven primarily by non-governmental intermediaries:

- **Japan Social Innovation and Investment Foundation (SIIF):** National hub for impact investment and outcome-based finance (est. 2017) ¹⁰
- **Social Innovation Japan:** Platform connecting businesses, NGOs and citizens through events and capacity-building (est. 2017) ¹¹.
- **Japan NPO Center and Japan Cooperative Alliance:** Sector-wide infrastructure organisations supporting civil society and cooperative actors ^{6,12}.

Support Initiatives

Non-financial support focuses on incubation, acceleration and networking:

- Incubators and hubs such as **ETIC** and **Impact Hub Tokyo** provide mentoring, training and cross-sector collaboration spaces ^{13,14}.
- Fellowship networks (e.g. Ashoka Japan) support system-level social innovators ¹⁵.

Collaboration

Cross-sector collaboration is emerging but remains ad hoc.

- Social Impact Bonds have been piloted by municipalities in partnership with NGOs, investors and service providers ².
- Corporate–NGO partnerships are common, often linked to CSR or SDG-related initiatives rather than explicit social innovation strategies ¹⁶.

Events & Awards

- **Nippon Foundation Social Innovation Forum** (since 2016) is Japan's largest recurring SI-focused event ¹⁷.
- National SDG Awards recognise innovative local and cross-sector initiatives, indirectly supporting social innovation ¹⁸.

FINANCE

Financing Schemes

There is no consolidated estimate of total social innovation funding.

- Impact investing has grown from a small base, supported by foundations, domestic banks and ESG-oriented investors ¹⁹.
- Public funding includes grants, concessional loans and dormant-deposit financing for social-purpose activities ⁸.



Financing Inclusivity

Targeted financing for underrepresented groups exists but is limited.

- Some schemes prioritise youth, rural communities and women entrepreneurs, but women remain underrepresented among social enterprise leaders ²⁰.
- Community-based financing and local grants improve access in disadvantaged regions.

SOCIETY



Public Awareness of Social Innovation

The term “social innovation” is used in policy and corporate discourse but is not widely understood by the general public.

- Awareness is increasing through SDG-related initiatives and high-profile events, particularly among younger generations ⁶.



Research

Academic and practitioner research is growing but remains fragmented.

- Universities and think tanks publish case-based research on social enterprise and innovation.
- Practitioner reports focus on impact investing and outcome-based policy tools rather than the SI ecosystem as a whole ^{2 19}.



Education & Human Capital

Formal education in social innovation is expanding gradually.

- Selected universities offer dedicated faculties or programmes on social innovation and policy innovation.
- Most capacity-building occurs through extracurricular programmes, fellowships and accelerators ^{13 15}.



Entrepreneurship

57th / 82 countries 

Business Environment:

Business environment and innovation rankings are high, but early-stage and social entrepreneurship rates remain low by international comparison ^{21,22}.

--th / 139 countries 

Innovation capacity



Social entrepreneurship prevalence

Social & Environmental Consciousness



Solidarity



Political Participation:

-%



population

Volunteering

Social trust and volunteerism levels are moderate to low in international rankings ²⁰.

176th

/ 180



countries

Sustainability

Environmental performance is relatively strong overall, but climate-change indicators lag behind peers ²³.

